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July 1, 2004
VIA HAND DELIVERY

JUL 01 2004

PUBLIC SERVICE
COMMISSION

Elizabeth O'Donnell, Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Re: Case No. 2003-00266, Investigation into the Membership of
Louisville Gas and Electric Company and Kentucky Utilities
Company in the Midwest Independent Transmission System
Operator, Inc.

Dear Ms. O'Donnell:

Enclosed please find the original and 10 copies of Midwest ISO's Response to
LG&E/KU's Motion to Modify Procedural Schedule to be filed in the above-referenced
proceeding on behalf of the Midwest Independent Transmission System Operator, Inc.

Thank you for your assistance in this matter.

Sincerely,


Benjamin D. Allen

Enclosures
cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

Investigation into the Membership of
Louisville Gas and Electric Company and
Kentucky Utilities Company in the
Midwest Independent Transmission
System Operator, Inc.

Case No. 2003-00266

**Response by Midwest ISO to
Kentucky Utilities Company and Louisville Gas and Electric Company's
Motion to Modify Procedural Schedule**

The Midwest Independent Transmission System Operator, Inc. ("Midwest ISO") hereby responds to the motion by Kentucky Utilities Company and Louisville Gas and Electric Company (collectively referred to as "LG&E/KU") to modify the procedural schedule established by the Commission in its order dated June 22, 2004.

LG&E/KU moves the Commission to modify the newly established procedural schedule in this matter, noting that it needs additional time to complete any cost-benefit, legal, and other analyses necessary to fully address the issues that the Commission ordered LG&E/KU to address. LG&E/KU also requests that the Commission grant the parties leave to conduct additional discovery, and it requests that the Commission allow it to file rebuttal testimony. Finally, LG&E/KU moves the Commission to "remand" its motion to schedule an informal conference in this matter.

Midwest ISO suggests, however, that the better course of action in this matter is to suspend the current procedural schedule and hold the informal conference on July 20, 2004. An informal conference will allow the parties and the Commission to discuss the intended scope and expectations for further proceedings in this matter. Once the scope of the issues on which the Commission desires testimony has been discussed, the participants can collaborate to reach a mutually convenient procedural schedule that is

reasonable in regards to the breadth of the issues to be discussed. Midwest ISO agrees with the premise of LG&E/KU's request that the current procedural schedule is inadequate to allow full exposition of the issues put forth by the Commission in its June 22, 2004 order. In fact, it is possible that LG&E/KU's proposed procedural schedule will need to be even further expanded and extended. Therefore, Midwest ISO requests that the Commission suspend the procedural schedule in this matter and hold the informal conference previously requested by LG&E/KU on July 20, 2004.

In the alternative, if the Commission rules on the modified procedural schedule put forth by LG&E/KU without the benefit of an informal conference, Midwest ISO requests that the Commission rule as a preliminary matter that LG&E/KU has the burden of proof in this matter pursuant to KRS 278.218. If the Commission declines to so rule, Midwest ISO requests that the Commission amend the procedural schedule to allow it the opportunity to file surrebuttal testimony so that it may address issues raised by LG&E/KU in its rebuttal testimony. Finally, LG&E/KU's modified procedural schedule currently requires the parties to submit data requests and responses to those requests before the parties file their direct testimony. It will be difficult for the parties to exchange effective discovery requests without an examination of the pre-filed testimony, and LG&E/KU's current procedural schedule would accordingly deny each party the opportunity to use data requests to probe the pre-filed testimony of the other parties. Therefore, if the Commission decides to proceed without an informal conference in this matter, Midwest ISO would request that the Commission modify the procedural schedule to further extend and expand the pre-hearing proceedings.

WHEREFORE, Midwest ISO respectfully requests that the Commission enter an order suspending the procedural schedule set out in its Order of June 22, 2004 and

scheduling an informal conference to be held on July 20, 2004. In the alternative, Midwest ISO requests that the Commission issue an order that either holds that LG&E/KU bears the burden of proof in this matter pursuant to KRS 278.218 or amends the procedural schedule to allow Midwest ISO the opportunity to file surrebuttal testimony. In addition, if the Commission chooses to proceed without the benefit of an informal conference in this matter, Midwest ISO requests that the Commission modify the procedural schedule to allow the parties to submit data requests after each party has filed its direct testimony.

Respectfully submitted,

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BY: 
ATTORNEYS FOR MIDWEST INDEPENDENT
TRANSMISSION SYSTEM OPERATOR, INC.

CERTIFICATE OF FILING AND SERVICE

I hereby certify that on this the 1st day of July 2004, the original and ten (10) copies of this Response were hand-delivered to the Commission for filing, and a copy was sent by first-class U.S. mail to:

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